

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 16 JANUARY 2020

Present: S Atkinson (Chair), A Brown, S Hirst, S Hore, A Knox, D Peat, Chief Executive, Director of Resources, Director of Community Services, Head of Financial Services.

1 Apologies

Cllr S Fletcher, Cllr J Rogerson and Director of Economic Development and Planning.

2 Minutes of meeting held on 16 October 2019

2.1 Members approved the minutes of the last meeting of the Budget Working Group.

3 Provisional Local Government Finance Settlement

3.1 A report was presented by the Director of Resources on the Provisional Local Government Finance Settlement 2020/21. It was explained that the information presented was in respect of the provisional settlement, with the final settlement expected to be laid before the House of Commons in February. The settlement was for one year only following the putting back of the Fair Funding Review and the Business Rate Retention Review by the Government.

3.2 The report gave key information around:

- Provisional Settlement Funding Assessment - £1,354,393 for 2020/21.
- Rural Services Delivery Grant – we will now receive this grant separately (£107,921) after it had previously been rolled in to the main funding in 2019/20 under the Pilot Pool arrangements.
- Negative Revenue Support Grant – the Government proposes to eliminate negative RSG following the recent technical consultation.
- New Homes Bonus - no change to the baseline at 4% for 2020/21, allocations for 2020/21 will be allocated in line with previous years. There will be no legacy payments on these new allocations but the Government are making legacy payments on allocations from previous years. Provisional allocation for 2020/21 is £1.758m (£1.666m 2019/20).
- Business Rates - confirmation that the new Lancashire Pilot pool had officially been designated by MHCLG, subject to any parties withdrawing within the 28 days after the Provisional Local Government Finance Settlement date of 20 December 2019. This would be on a 50% basis as all 75% Business Rate Pilots will cease at the end of March 2020.
- Council Tax Referendum Principles – for this council the applicable council tax referendum principle was 2% or £5 whichever is the higher.

3.3 There was a discussion around the current Business Rates Pilot Pool arrangements and the 25% strategic growth fund.

3.4 The consultation document '*Provisional local government finance settlement 2020 to 2021: Consultation*' was also discussed by members. The Director of resources shared details of responses that had been made by the Rural Services Network and the Society of District Council Treasurers. Members agreed that the council should submit a response to the consultation, echoing the sentiments of the Rural Services Network and the Society of District Council Treasurers.

4 Revenue Budget 19/20 and 2020/21 latest position

- 4.1 An update on the revised budget for 2019/20 and the budget position for 2020/21 was provided to members by the Director of Resources. The main variances from original estimate to revised estimate 2019/20 were provided within the report. Overall, revised committee budgets were forecast to be £110,580 above the original estimate.
- 4.2 The use of general balances also showed a likely increase from taking £93,896 to taking £155,965. Net resources being added to Earmarked reserves were forecast to decrease from adding £2,160,402 to adding £2,039,672.
- 4.3 Looking forward to the 2020/21 original estimate, committee expenditure was set to increase by £125,875 compared to the original estimate for 2019/20. Again, the main variances were provided within the report.
- 4.4 Looking at earmarked reserves, there was a forecast of £75,604 less being added, compared to the original estimate 2019/20.
- 4.5 The impact of the latest position on the council tax was discussed. Use of New Homes Bonus was also discussed with members, as was the position on Business Rates. It was explained that a clearer forecast for Business Rates would be available over the following week, once the NNDR1 return had been finalised.
- 4.6 Members were asked for a number of decisions to be made in order to further progress the budget for 2020/21:
- **Review of Local Plan Costs.** Members agreed that £190k should be added to our revenue budget in 2020/21 and that the impact of this should fall on general fund balances.
 - **New Homes Bonus.** Members agreed to leave the amount used to fund the revenue budget at the current level of £1,105,000.
 - **Business Rates Growth.** Members agreed with the previously planned increase in use of business rate growth/retained levy under pooling up to £875,514 for 2020/21.
 - **Use of balances.** Members confirmed the use of balances of £114,583 to support the revenue budget.
 - **Council Tax.** Members agreed to progress on the basis of a £5 increase in the council's Band D council tax (i.e. increase to £155.69).
- 4.7 Members agreed that the Revenue Budget report to Special Policy and Finance Committee was to be prepared on the basis of the responses to the above questions It was explained that a further report would be brought back to the budget working group in the following week to confirm the final position once the NNDR1 return had been completed.

5 Five Year Capital Programme to Date

- 5.1 The Head of Financial Services updated members on the latest position with regard to the five-year capital programme. CMT had reviewed the bids and made proposals on which schemes to now take forward and add to the five-year capital programme 2020/21-2024/25.
- 5.2 Members were briefly taken through the latest position and the comments made by CMT in arriving at the proposed capital programme.
- 5.3 It was explained that with significant finance reforms expected by April 2021 it was seen as prudent to set a capital programme that could be afforded with limited use of resources – largely through the use of Business Rates Growth limited to approximately £500,000.

- 5.4 It was highlighted that those schemes that had not been proposed for inclusion in the capital programme had not been excluded on a permanent basis, but that it was being suggested that any decision on those schemes should be deferred until the following year when further details around local government funding should be known, allowing more informed decision making.
- 5.5 A summary of the suggested overall funding for the resulting proposed five-year capital programme was provided.
- 5.6 It was agreed that the proposed capital programme would be further considered at the next meeting of budget working group on 23 January 2020.

6 Any Other Business

- 6.1 There were no other items of business

7 Date and Time of Next Meeting

4.30pm Thursday 23 January 2020.

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 23 JANUARY 2020

Present: S Atkinson (Chair), A Brown, S Hirst, S Hore, A Knox, D Peat, Chief Executive, Director of Resources, Director of Community Services, Head of Financial Services.

8 Apologies

9 Cllr S Fletcher, Cllr J Rogerson.

10 Minutes of meeting held on 16 January 2020

10.1 Members approved the minutes of the last meeting of the Budget Working Group.

11 Revenue Budget 2019/20 and 2020/21 Latest Position

11.1 An update on the revised budget for 2019/20 and the budget position for 2020/21 was provided to members by the Director of Resources. This was an update on the report provided to the previous meeting and focused on the impacts of the recently completed business rates NNDR1 return.

11.2 There were no changes to the revised budget 2019/20 figures as previously reported at the last meeting. Overall, revised committee budgets were forecast to be £110,580 above the original estimate and the use of general balances showed a likely increase from taking £93,896 to taking £155,965.

11.3 Whilst the report provided a further update on business rates for both the 2019/20 and 2020/21 financial years, the focus was on the impact on 2020/21.

11.4 For 2020/21 the council would be reverting to the 50% Pooling Arrangements and a comparison was provided to the 2019/20 75% pilot position – although it was explained that it was hard to compare as the two were considerably different.

11.5 It was explained that if the council were not members of a pool we would have to pay over to the Government a levy of £673,847. Under pooling arrangements, we will instead pay 10% of the levy over to LCC, giving a retained levy of £606,463.

11.6 Whilst the announcement of the Final Local Government Settlement was awaited it was estimated that the total business rate growth income for 2020/21 would be £1,981,033. Members agreed that £875,514 could safely be relied on to support the revenue budget, as previously suggested.

11.7 The difficulties experienced in retaining and recruiting to posts particularly those requiring professionally qualified staff were discussed. It was acknowledged that the remuneration packages offered may need to be revisited as it was not anticipated that the current recruitment problems would ease in the near future.

11.8 The overall budget position was reported to members and members agreed with the final budget setting options, which would see £142,812 used from general fund balances, and recommended this to Special Policy and Finance Committee.

12 Five Year Capital Programme to Date

12.1 The Head of Financial Services provided a further update to members on the latest position with regard to the five-year capital programme. CMT had reviewed the bids and made proposals on which schemes to now take forward and add to the five-year capital programme 2020/21-2024/25.

12.2 It was explained that with significant finance reforms expected by April 2021 it was seen as prudent to set a capital programme that could be afforded with limited use of resources – largely through the use of Business Rates Growth limited to approximately £500,000.

- 12.3 It was highlighted that those schemes that had not been proposed for inclusion in the capital programme had not been excluded on a permanent basis, but that it was being suggested that any decision on those schemes should be deferred until the following year when further details around local government funding should be known, allowing more informed decision making.
- 12.4 There was a discussion around the car park capital schemes, options, alternatives and the meeting of the car park working group.
- 12.5 It was agreed that the proposed capital programme be recommended to Special Policy and Finance Committee.

13 Any Other Business

- 13.1 The requirement for the statutory meeting with Representatives of Business Rate Payers was discussed.

14 Date and Time of Next Meeting

Meeting with Representatives of Business Rate Payers – 12 February 2020 at 2pm in Committee Room 1